

**Opening Statement of the Honorable Fred Upton**  
**Subcommittee on Health**  
**Hearing on “Examining the Administration’s Approval of Medicaid Demonstration**  
**Projects”**  
**June 24, 2015**

*(As Prepared for Delivery)*

This year, the Medicaid program turns 50 years old. Over that half a century, Medicaid has provided critical health care coverage for some of our nation’s most vulnerable populations.

Medicaid is currently the world’s largest health insurance program, with as many as 72 million people being covered by the program for at least some period of the current year. In the next fiscal year, \$344.4 billion federal dollars will be spent on the Medicaid program. And by 2024, federal-state spending on Medicaid is expected to top \$1 trillion annually.

Today, roughly one in three Medicaid dollars is spent through an 1115 waiver approved by the Secretary of Health and Human Services. Section 1115 of the Social Security Act authorizes the HHS Secretary to waive certain federal Medicaid requirements and allow costs that would not otherwise be eligible for federal matching funds for demonstration projects that are likely to assist in promoting Medicaid objectives.

These are critical tools for states to experiment and evolve their Medicaid programs as they seek to modernize and improve them to better serve patients. For example, Michigan has used a waiver to successfully provide HSA-like Health Accounts to encourage participants to become more active health care consumers.

Yet today we will hear from the nonpartisan government watchdog, the Government Accountability Office, which has repeatedly raised serious questions about CMS’s approval process for these waivers.

Whether it is GAO’s concerns about budget neutrality, approval criteria, or the process for approvals and renewals, these are important and fair questions. Congress needs a better understanding about how the billions of dollars CMS is approving promote Medicaid’s core objectives.

I also want to thank the second panel, in particular former Governor Barbour, for being here to share their ideas about how to improve CMS’s management of these funds. I am confident that nearly every member of this subcommittee has heard frustrations from state officials at one point about the uncertainty and timeframes surrounding the approval or renewal of an 1115 waiver. While state leaders are trying to balance their budgets and pass legislation, it is essential that CMS’s process is transparent and predictable.

Recent analysis and media coverage has raised questions over the degree to which CMS is effectively picking winners and losers in the waiver review process. CMS has a duty – to patients, to taxpayers, to states, to all stakeholders – to do more to increase the transparency, accountability, and consistency of their approval process. In fact, if CMS is doing a decent job, increased oversight and scrutiny will only bring their good efforts into the light. However, if there are shortcomings, this subcommittee will play its role in making the process more transparent, accountable, and fair for all involved. At the end of the day – it’s about ensuring our most vulnerable receive the care they deserve.

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